

Annual Financial Statements

for

INDAKA LOCAL MUNICIPALITY

for the year ended 30 June : **2012**

Month Ending 31 December 2011

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:	
Name of Municipal Manager:	Mr S.S Maphanga
Name of Chief Financial Officer:	Mr. M.B. Dlamini
Contact telephone number:	034 261 1000
Contact e-mail address:	siya@guarantee-trust.co.za / hlatshwayozs@webmail.co.za
Name of contact at provincial treasury:	Mr Mthandeki Maseme (MFMA)
Contact telephone number:	033 897 4200
Contact e-mail address:	
Name of relevant Auditor:	N.P Makaye
Contact telephone number:	033 264 7400
Contact e-mail address:	pmakaye@agsa.co.za
Name of contact at National Treasury:	Unathi Ndobeni
Contact telephone number:	unathi.ndobeni@treasury.gov.za
Contact e-mail address:	012 315 5103

INDAKA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

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INDAKA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council

Cllr. Mchunu NB
Cllr. Mabele PB
Cllr. Njapha TB
Cllr. Nzuza PM
Cllr. Ngubane M
Cllr. Mabele ZV
Cllr. Twala JS
Cllr. Ndlovu SV
Cllr. Mbatha ME
Cllr. Mbhele MG
Cllr. Majola BC
Cllr. Kweswa MA
Cllr. Madondo M
Cllr. Banda SM
Cllr. Shezi TBM
Cllr. Zikalala NL
Cllr. Mvelase SN
Cllr. Kunene MJ
Cllr. Madonsela HL
Cllr. Zikalala SJ

Mayor

Speaker

Deputy Mayor

Member of the Executive Committee

Member of the Executive Committee

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Municipal Manager (Acting)

Mr S.S Maphanga

Chief Financial Officer

Mr M.B Dlamini

Grading of Local Authority

Grade 2

Auditors

Office of the Auditor-General

Bankers

ABSA Ladysmith

Standard Bank - Ladysmith

INDAKA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information (continued)

Registered Office: INDAKA LOCAL MUNICIPALITY

Physical address:
1410 Section A Ekuvukeni
Wasbank
2920

Postal address:
Private Bag X70113
Wasbank
2920

Telephone number: 034 261 1000

Fax number: 034 261 2035

E-mail address: siya@guarantee-trust.co.za/hlatshwayozs@webmail.co.za

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municip

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the council has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

"I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

INDAKA MUNICIPALITY

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act."

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 10.

"I am responsible for the preparation of these annual financial statements, which are set out on pages 11 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared on the going concern basis and were approved by the Accounting officer.

SS MAPHANGA
Accounting Officer

Date : 30 August 2011

INDAKA LOCAL MUNICIPALITY STATEMENT OF FINANCIAL POSITION as at 30 June 2012			
	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	32 531 281	7 000 215
Trade and other receivables from exchange transactions	2	2 856 170	1 309 542
Inventories	3	118 499	118 499
VAT Receivable	7	411 203	1 402 640
Non-current assets			
Property, plant and equipment	4	40 036 519	40 025 540
Investment property carried at cost	5	276 933	276 933
Total assets		76 230 605	50 133 372
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	6	3 213 543	3 374 176
Current portion of borrowings	9	358 622	358 622
Current portion of finance lease liability	10	181 029	586 671
Unspent Conditional Grant	8	3 515 603	7 393 822
Non-current liabilities			
Non-current borrowings	9	3 789 879	3 789 879
Non-current finance lease liability	10	-	-
Non-current provisions	11	250 000	250 000
Total liabilities		11 308 676	15 753 170
Net assets		64 921 929	34 380 201
NET ASSETS			
Reserves		-	-
Accumulated surplus / (deficit)		64 921 929	34 380 199
Total net assets		64 921 929	34 380 199

INDAKA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Property rates	12	2 537 114	-
Property rates - penalties imposed and collection charges	12	-	-
Service charges	13	84 069	139 655
Rental of facilities and equipment	14	39 013	45 586
Interest earned - external investments	15	237	313 393
Government grants and subsidies	16	47 896 340	59 216 256
Other income	17	41 955	275 108
Total revenue		50 598 728	59 989 998
Expenses			
Employee related costs	18	4 895 838	10 915 333
Remuneration of councillors	19	1 729 807	3 574 212
Depreciation and amortisation expense	20	-	3 317 432
Repairs and maintenance		500 262	4 039 692
Finance costs	21	3 173	575 999
Contracted services	22	3 374 369	5 295 437
Grant Expenditure	16	4 198 303	16 148 739
General expenses	23	5 355 247	16 243 340
Total expenses		20 056 998	60 110 185
Surplus / (deficit) for the period		30 541 730	(120 187)

INDAKA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2012

	Revaluation Reserve	Capital Development Fund	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2010	-	-		34 500 386	34 500 386
Changes in accounting policy - Reserves	-	-	-	-	-
Correction of prior period error	-	-	-	-	-
Restated balance	-	-	-	34 500 386	34 500 386
Surplus / (deficit) on revaluation of property of property, plant and equipment	-	-	-	-	-
<i>Other items</i>	-	-	-	-	-
<i>Other items</i>	-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance	-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)	-	-	-	-	-
Surplus / (deficit) for the period	-	-	-	(120 187)	(120 187)
Balance at 30 June 2011	-	-	-	34 380 199	34 380 199
Surplus / (deficit) on revaluation of property of property, plant and equipment	-	-	-	-	-
<i>Reserves</i>	-	-	-	-	-
<i>Movements to the Accumulated surplus account in the current year.- Adjustment</i>	-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance	-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)	-	-	-	-	-
Surplus / (deficit) for the period	-	-	-	30 541 730	30 541 730
Balance at 30 June 2012	-	-	-	64 921 929	64 921 929
Accumulated Surplus as 30 June 2011 - AFS	34 380 199.13				
Accumulated Surplus as 30 June 2011 - GL	-37 766 046.53				
Adjustment to appropriation account	-3 385 847.40	-3 385 847.40	-		

INDAKA LOCAL MUNICIPALITY			
CASH FLOW STATEMENT			
as at 30 June 2012			
	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		50 043 537	58 431 328
Taxation		-	-
Sales of goods and services		123 082	185 241
Grants		47 896 340	59 216 256
Investment Income		237	313 393
Other receipts		2 579 069	275 108
Movement in Receivables		(555 191)	(1 558 670)
Payments		24 095 851	57 864 755
Employee costs		6 625 645	14 489 545
Suppliers		3 374 369	5 295 437
Interest paid		3 173	575 999
Other payments		10 053 811	36 431 771
Movement in Payables		4 038 853	1 072 002
Net cash flows from operating activities	24	25 947 687	566 573
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(10 979)	1 907 311
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	-
Purchase of foreign currency securities		-	-
Net cash flows from investing activities		(10 979)	1 907 311
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	(605 076)
Increase in Cash Investments		-	-
Proceeds from finance lease liability		-	-
Repayment of finance lease liability		(405 642)	(1 464 865)
Net cash flows from financing activities		(405 642)	(2 069 941)
Net increase / (decrease) in net cash and cash equivalents		25 531 066	403 943
Net cash and cash equivalents at beginning of period		7 000 214	6 596 271
Net cash and cash equivalents at end of period	25	32 531 281	7 000 214
		32 531 281	0

**INDAKA LOCAL MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011**

1 SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

Nature of impending changes in accounting policy:

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 24.

1.6 DIRECTIVE 4, TRANSITIONAL PROVISION

The Municipality have taken the advantage to use the directive on transitional provisions for medium and low capacity municipalities.

Objectives

The objective of this directive is to set the transitional provisions for individual Standards of GRAP for medium and low capacity municipalities. This directive also indicates the specific paragraph(s) in existing Standards of GRAP that are to be withdrawn.

Standards of GRAP set out the recognition, measurement, presentation and disclosure requirements for financial reporting in the public sector in South Africa. This directive should be read in conjunction with relevant Standard(s) of GRAP.

GRAP 1 Presentation of Financial Statements

Transitional provisions

All provisions of this Standard should be applied from the date of first adoption of this Standard, except in relation to items that have not been recognised as a result of transitional provisions under another Standard of GRAP. The disclosure provisions of this Standard would not be required to apply to such items until the transitional provision in the other Standard of GRAP expires. Comparative information is not required in respect of financial statements to which this Standard is first applied.

Reserves

All balances in reserves and trust fund accounts that are not represented by cash, for example the loss of rental reserves, capital reserves, Mayor's Flood Relief Fund, Sport Development Fund, etc., on the date of transition should be transferred to the opening balance of the accumulated surplus/(deficit) account in the statement of changes in net assets. There is no legislative requirement to maintain such separate fund accounts.

Deferred charge assets

This transitional provision requires the derecognition of capitalised expenditure incurred in raising loans on the capital market that do not meet the definition and recognition criteria of assets, for example, the capitalisation of loan-raising charges and loan discounts that are deferred over the loan period in the financial statements of some municipalities. Any such derecognition shall be recognised by adjusting the opening balance of accumulated surplus/(deficit).

All provisions of the Standard of GRAP on Presentation of Financial Statements shall be applied on or after the effective date of the Standard, except in relation to items that have not been recognised or measured in accordance with other Standards of GRAP as a result of transitional provisions under those Standards of GRAP.

Transitional provisions in the Standards of GRAP on Construction Contracts, Inventories, Investment Property, Property, Plant and Equipment, Provisions, Contingent Liabilities and Contingent Assets, Agriculture or Intangible Assets take precedence over the requirements of the Standard of GRAP on Presentation of Financial Statements. The Standard of GRAP on Presentation of Financial Statements will therefore not apply to an item until the transitional provisions in those other Standards of GRAP expire, and the item is recognised in the financial statements.

Where an entity has taken advantage of the transitional provisions in other Standards of GRAP, the following disclosures shall be made in the financial statements:

- (a) The fact that the entity has taken advantage of the transitional provisions;
- (b) The classes of assets and/or liabilities that have not been measured in accordance with the applicable
- (c) The nature and amount of any measurement period adjustments recognised during the period; and
- (d) Information on the progress made by an entity towards measuring assets or liabilities in accordance with the requirements of Standards of GRAP and recognising major classes of assets and liabilities that have not been recognised in full.

GRAP 5 Borrowing Costs

Transitional provisions

Entities initially adopting the Standard of GRAP on Borrowing Costs shall apply the transitional provisions set out in paragraphs below.

An entity shall apply the requirements of the Standard of GRAP on Borrowing Costs prospectively. The requirements of the Standard of GRAP on Borrowing Costs only apply to those borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date of the Standard.

An entity capitalises borrowing costs incurred on qualifying assets only when the commencement date for capitalisation is on or after the effective date of the Standard of GRAP on Borrowing Costs. Borrowing costs incurred on qualifying assets where the commencement date for capitalisation is prior to the effective date of the Standard of GRAP on Borrowing Costs, continue to be recognised in accordance with the entity's previous accounting policies (if any).

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets **Transitional provisions**

Entities initially adopting the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets shall apply the transitional provisions set out in paragraphs below.

All changes resulting from the application of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

When an entity initially adopts a Standard of GRAP, the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors requires an entity to apply the requirements of the Standard being adopted retrospectively.

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets

Until such time as the measurement period in paragraphs above expires and provisions, contingent liabilities and contingent assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets, entities need not comply with the Standards of GRAP on:

- i) Presentation of Financial Statements,**
 - ii) The Effects of Changes in Foreign Exchange Transactions**
 - iii) Leases**
 - iv) Segment Reporting, and**
 - v) Non-current Assets Held for Sale and Discontinued Operations,**
- as indicated in those Standards.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 INITIAL RECOGNITION

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost or at revaluation (to assets where revaluation have been performed). Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants and contributions and donations.

2.3 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.4 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.5 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	15	Buildings	30
Electricity	25	Graders and Tractors	15
Water	20	Motor vehicles	5
Sewerage	20	Office equipment	7
		Furniture and fittings	7
		Miscellaneous	7
		Computer equipment	5
Community			
Buildings	30		
Recreational Facilities	30		
Halls	30		
Libraries	30		
Other assets	30		
Finance lease assets			
Office equipment	3		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.6 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Disclosure as per GRAP 3, par 28

When initial application of a Standard of GRAP has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

- (a) the title of the Standard;
- (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
- (c) the nature of the change in accounting policy;
- (d) when applicable, a description of the transitional provisions;
- (e) when applicable, the transitional provisions that might have an effect on future periods;
- (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;
- (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with infinite useful lives for impairment where there is an indication that an asset may be impaired in terms of IAS 38 par 107-110.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30 Years
---------------------	----------

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least

- the business or part of a business concerned;

- the principal locations affected;

- the location, function, and approximate number of employees who will be compensated for terminating their services;

the expenditures that will be undertaken; and when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

13.2 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- : Government Employee Pension Fund
- : KwaZulu Natal Provident Fund
- : Municipal Councillors Pension Fund

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the invoice basis. However the basis on which the Vat returns are prepared on a payment basis.

18 EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		2 000	1 000
Cash at bank		21 771 795	1 364 535
Call deposits		10 757 486	5 634 679
		<u>32 531 281</u>	<u>7 000 215</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
StandardBank - Ladysmith -			
Cash book balance at beginning of year		<u>1 364 535</u>	<u>1 364 535</u>
Cash book balance at end of year		<u>21 771 795</u>	<u>1 364 535</u>
Bank statement balance at beginning of year		<u>346 437</u>	<u>4 565 746</u>
Bank statement balance at end of year		<u>21 835 056</u>	<u>346 437</u>
<u>Current Account (32 Days Notice)</u>			
StandardBank - Ladysmith -			
Cash book balance at beginning of year		<u>20 508</u>	<u>18 369</u>
Cash book balance at end of year		<u>10 736 979</u>	<u>20 508</u>
Bank statement balance at beginning of year		<u>20 508</u>	<u>18 369</u>
Bank statement balance at end of year		<u>10 736 979</u>	<u>20 508</u>
<u>Current Account (Short Term Investments)</u>			
ABSA Bank Limited - Ladysmith			
Cash book balance at beginning of year		<u>5 614 171</u>	<u>794 197</u>
Cash book balance at end of year		<u>10 736 979</u>	<u>5 614 171</u>
Bank statement balance at beginning of year		<u>5 614 171</u>	<u>794 197</u>
Bank statement balance at end of year		<u>10 736 979</u>	<u>5 614 171</u>
<u>Cash on hand</u>			
		<u>2 000</u>	<u>1 000</u>
Total cash and cash equivalents		<u>32 531 281</u>	<u>7 000 215</u>
Total bank overdraft		<u>-</u>	<u>-</u>

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables
as at 30 June 2012

	2012 Gross R	2012 Provision R	2012 Net R
Service debtors			
Rates	1 507 999	-	1 507 999
Electricity	-	-	-
Water	-	-	-
Sewerage	-	-	-
Refuse	370 900	-	370 900
Rent	-	-	-
Total	<u>1 878 899</u>	<u>-</u>	<u>1 878 899</u>

Other Receivables

Consumer Debtors	919 661.72	
Refuse Consumer Debtors	-28 430.08	
Employee Payroll Debtors	-	
Rent Received Consumer Debtor	-38 500.00	
Sundry Debtors	150 605	150 605

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Public Participation		258 792.44	
Training Staff Members		12 375.00	
Training Map		-	
		399.99	
Nashua Mobile		400.00	
Sundry Employee Creditors Ded		811 054.29	
SALARY CRS CONTROL ACC.EE CRS		757 926.76	
NASHUA MOBILE		378 932.04	
Suspense		-	1 158 938
Total Other		3 223 217	1 309 542
Less Provision for Bad Debts		(367 047)	
Total Receivables		2 856 170	1 309 542
		-	
Electricity, Water, Sewerage, Refuse & Rental: Ageing			
Current (0 – 30 days)		14 012	19 433
31 - 60 Days		13 971	19 425
61 - 90 Days		13 963	19 422
91 - 120 Days		13 963	19 348
121 - 365 Days		13 951	308 567
+ 365 Days		301 045	-
Total		370 904	386 196

Summary of Debtors by Customer Classification

	Consumers R	Industrial / Commercial R	National and Provincial Government R
as at 30 June 2012			
Current (0 – 30 days)	14 168	4 039	-
31 - 60 Days	14 168	4 039	-
61 - 90 Days	14 168	4 039	-
91 - 120 Days	14 168	4 039	-
121 - 365 Days	14 168	4 039	1 325 389
+ 365 Days	85 006	24 236	-
Sub-total	155 844	44 432	1 325 389
Less: Provision for doubtful debts	-	-	-
Total debtors by customer classification	155 844	44 432	1 325 389

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	(367 047)	(188 902)
Contributions to provision	-	(178 145)
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	(367 047)	(367 047)

3 INVENTORIES

Consumable stores - at cost	118 499	118 499
Fuel	5 708	5 708
Oil	41 339	41 339
Others	71 452	71 452

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Total
	R	R	R	R	R	R	R
as at 1 July 2011	250 000	4 689 983	20 155 394	9 039 270	609 362	5 281 531	40 025 540
Cost/Revaluation	250 000	5 466 260	24 120 373	10 612 487	676 880	9 678 835	50 804 835
Accumulated depreciation and impairment losses	-	(776 277)	(3 964 979)	(1 573 217)	(67 518)	(4 397 303)	(10 779 295)
Acquisitions/ revaluation	-	-	-	-	-	10 978	10 978
Capital under Construction	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-
as at 30 June 2012	250 000	4 689 983	20 155 394	9 039 270	609 362	5 292 510	40 036 519
Cost/Revaluation	250 000	5 466 260	24 120 373	10 612 487	676 880	9 689 813	50 815 813
Accumulated depreciation and impairment losses	-	(776 277)	(3 964 979)	(1 573 217)	(67 518)	(4 397 303)	(10 779 295)

Refer to Appendix B for more detail on property, plant and equipment

[App B!A1](#)

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

4.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Total
	R	R	R	R	R	R	R
as at 1 July 2010	4 100 000	4 872 067	21 709 080	9 392 778	631 909	4 544 721	45 250 554
Cost/Revaluation	4 100 000	5 466 260	24 120 374	10 612 487	676 880	7 736 416	52 712 417
Accumulated depreciation and impairment losses	-	(594 193)	(2 411 294)	(1 219 709)	(44 971)	(3 191 695)	(7 461 863)
Acquisitions	(3 850 000)	-	-	-	-	1 942 689	(1 907 311)
Depreciation	-	(182 084)	(1 553 686)	(353 507)	(22 547)	(1 205 608)	(3 317 433)
as at 30 June 2011	250 000	4 689 983	20 155 394	9 039 270	609 362	5 281 531	40 025 540
Cost/Revaluation	250 000	5 466 260	24 120 374	10 612 487	676 880	9 678 835	50 804 836
Accumulated depreciation and impairment losses	-	(776 277)	(3 964 980)	(1 573 217)	(67 518)	(4 397 304)	(10 779 296)

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5 INVESTMENT PROPERTY CARRIED AT COST

5.1 Reconciliation of carrying value

	Investment property R	Total R
as at 1 July 2011	276 933	276 933
Cost	300 000	300 000
Accumulated depreciation and impairment losses	(23 067)	(23 067)
Depreciation	-	-
as at 30 June 2012	276 933	276 933
Cost	300 000	300 000
Accumulated depreciation and impairment losses	(23 067)	(23 067)

Reconciliation of carrying value

	Investment property R	Total R
as at 1 July 2010	323 067	323 067
Cost	300 000	300 000
Correction of error	-	-
Change in accounting policy	-	-
Accumulated depreciation and impairment losses	23 067	23 067
Acquisitions	-	-
Depreciation	-	-
Carrying value of disposals	-	-
Cost	-	-
Accumulated depreciation	-	-
as at 30 June 2011	323 067	323 067
Cost	300 000	300 000
Accumulated depreciation and impairment losses	23 067	23 067

5.2 Investment property pledged as security

-

5.3 Fair value of investment property carried at cost:

The effective date of the revaluations was April 2008. Revaluations were performed by an independent valuer, Mr H.I Hutton [Approved Valuator], of HI Hutton Valuers. H.I Hutton Valuers are not connected to the entity and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
5 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment		-	-
Investment property		-	-
Other assets		-	-
		<u>-</u>	<u>-</u>

State details on non-current assets held for sale including description of the assets and the facts and circumstances that resulted in it being classified as such.

6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

ACCRUALS	2 315 948.01	2 442 886
GL CONTROL ACCOUNT	4 013.94	
CREDITORS CONTROL ACCOUNT	579.50	
RENT RECEIVED CONS/DEBT	-	
CREDITORS CONTROL ACCOUNT	-	
Sundry Creditors	-	
REFUSE CONS/DEBTORS	-	39 546
Sundry Employee Creditors Ded	-	-
CONSUMER DEBTOR DEPOSITS	11 116	
EMPLOYEE DEBTORS(PAYROLL)	34 955	34 955
Leave Provision	846 931	856 789
Sundry Creditors	-	-
Total creditors	<u>3 213 543</u>	<u>3 374 176</u>

The fair value of trade and other payables approximates their carrying amounts.

CONSUMER DEPOSITS

Electricity and Water	-	-
Accrued interest	-	-
Total consumer deposits	<u>-</u>	<u>-</u>

Included in deposits is an accrual of interest at an effective interest rate of x% per annum (20X0 x%) which is paid to consumers when deposits are refunded.

Guarantees held in lieu of Electricity and Water Deposits

1 VAT PAYABLE

VAT payable	-	-
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

7 VAT RECEIVABLE / PAYABLE

INPUT V A T	902 897.83	1 748 469.07
OUTPUT V A T	-249 995.57	-115 341.57
C/DEBTOR VAT LEVIED	-118 774.27	-107 562.23
C/DEBTOR VAT RECEIVED	-4 690.96	-4 690.96
GL VAT CONTROL	-31 211.79	-31 211.79
SUSPENSE-VAT	-87 022.48	-87 022.48
	<u>411 203</u>	<u>1 402 640</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

8.1 Unspent Conditional Grants from other spheres of Government

MIG Grants	3 149 941	4 917 087
Other	365 662	2 476 735
Other		

8.2 Other Unspent Conditional Grants and Receipts

Other		
Other		

Total Unspent Conditional Grants and Receipts	<u>3 515 603</u>	<u>7 393 822</u>
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Non-current unspent conditional grants and receipts

Current portion of unspent conditional grants and receipts	-	-
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See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

9 BORROWINGS

Other borrowings	4 148 501	4 148 501
	<u>4 148 501</u>	<u>4 148 501</u>
Less : Current portion transferred to current liabilities	(358 622)	(358 622)
Total borrowings	<u>3 789 879</u>	<u>3 789 879</u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Refer to Appendix A for more detail on borrowings.	App A1A1		

10 FINANCE LEASE LIABILITY

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
2012			
Amounts payable under finance leases			
Within one year	586 670	405 641	181 029
Within two to five years	0	0	
	<u>586 670</u>	<u>405 641</u>	<u>181 029</u>
Less: Amount due for settlement within 12 months (current portion)			<u>181 029</u>
			<u>-</u>

The average lease term is 5 years and the average effective borrowing rate is 12.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 5-10% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
2011			
Amounts payable under finance leases			
Within one year	1 147 853	163 979	1 311 833
Within two to five years	772 799	33 097	739 702
	<u>1 920 652</u>	<u>197 076</u>	<u>2 051 535</u>
Less: Amount due for settlement within 12 months (current portion)			<u>1 311 833</u>
			<u>586 671</u>

The average lease term is 5 years and the average effective borrowing rate is 12.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 5-10% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
11 NON-CURRENT PROVISIONS		
Provision for rehabilitation of landfill sites	250 000	250 000
Total Non-Current Provisions	250 000	250 000
<p>The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10%, over an average period of 10 years.</p> <p><i>Insert any assumptions made concerning future events.</i></p> <p>The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover.</p> <p><i>Insert any assumptions made concerning future events.</i></p> <p>The movement in the non-current provision is reconciled as follows: -</p>		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	-	-
Contributions to provision	250 000	250 000
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at the end of year	250 000	4 100 000
12 PROPERTY RATES		
Property Rates	2 537 114	-
Total Property Rates	2 537 114	-
PROPERTY RATES - PENALTIES IMPOSED AND COLLECTION CHARGES		
Property rates - penalties imposed and collection charges	-	-
Total Property rates - penalties imposed and collection charges	-	-
13 SERVICE CHARGES		
Refuse removal	84 069	139 655
Total Service Charges	84 069	139 655
14 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	16 206	3 437
Investment Property	22 807	42 149
Total rentals	39 013	45 586
15 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	237	313 393
Total interest	237	313 393
16 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	37 385 000	44 139 819
MIG Grant	7 693 000	13 090 284
Other Government Grants and Subsidies	2 818 340	1 986 153
Total Government Grant and Subsidies	47 896 340	59 216 256
15.1 Equitable Share		
<p>In terms of the Constitution, this grant is used to fund the operational expenses, soft projects, eg HIV and Aids as well as subsidise the provision of basic services to indigent community members.</p>		
Received	44 139 819	44 139 819
Recognised as Revenue	44 139 819	44 139 819
	-	-
15.2 MIG Grant		
Balance unspent at beginning of year	2 601 793	2 506 888
Current year receipts	7 693 000	13 090 284
Conditions met - transferred to revenue	-	(12 995 379)
Conditions still to be met - remain liabilities	10 294 793	2 601 793
15.3 Other Government Grants and Subsidies		
Balance unspent at beginning of year	222 411	1 241 618
Current year receipts	1 648 000	2 134 153
Conditions met - transferred to revenue	4 198 303	(3 153 360)
Conditions still to be met - remain liabilities	6 068 714	222 411

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
17 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
16.1 Other income	-	-
Donations	-	21 969
Miscellaneous	10 382	220 273
Tender Document	23 158	14 025
Burial Fees	7 968	18 842
Sites Clearance	447	
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50)	-	-
Total Other Income	41 955	275 108
16.2 Public contributions and donations	-	-
Public contributions - Conditional	-	-
Total public contributions and donations	-	-

18 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	3 454 936	8 011 493
Employee related costs - Contributions for UIF, pensions and medical aids	511 033	851 463
Travel, motor car, accommodation, subsistence and other allowances	462 280	1 503 090
Overtime payments	37 762	118 308
Performance and other bonuses	429 827	430 979
Total Employee Related Costs	4 895 838	10 915 333

Remuneration of the Municipal Manager

Annual Remuneration	186 280	372 559
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	83 348	166 695
Contributions to UIF, Medical and Pension Funds	3 303	1 497
Total	272 930	540 751

Remuneration of the Chief Finance Officer

Annual Remuneration	153 070	306 139
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	35 400	70 800
Contributions to UIF, Medical and Pension Funds	2 587	1 497
Total	191 057	378 436

Remuneration of Individual Executive Directors

	Technical Services R	Corporate Services R	Community Services R
2012			
Annual Remuneration	122 645	120 678	99 768
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	35 400	89 435	173 499
Contributions to UIF, Medical and Pension Funds	2 258	2 696	3 385
Total	160 302	212 808	276 652

	Technical Services R	Corporate Services R	Community Services R
2011			
Annual Remuneration	245 289	241 355	199 536
Performance- and other bonuses	29 173	4 397	51 773
Travel, motor car, accommodation, subsistence and other allowances	70 800	178 869	282 184
Contributions to UIF, Medical and Pension Funds	4 708	5 148	6 551
Total	349 970	429 769	540 044

19 REMUNERATION OF COUNCILLORS

Executive Mayor	211 023	209 500
Deputy Executive Mayor	94 084	187 901
Speaker	179 330	361 954
Executive Committee Members	180 019	365 199
Councillors	1 064 570	2 448 877
Councillors' pension and medical aid contributions	-	-
Councillors' allowances	781	781
Total Councillors' Remuneration	1 729 807	3 574 212

In-kind Benefits

The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to use of the Council owned vehicle for official duties. Also the Mayor is entitled to VIP protection, driver and secretary to support the Mayor's office.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
20 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	-	3 317 432
Investment property carried at cost	-	-
Total Depreciation and Amortisation	-	3 317 432
21 FINANCE COSTS		
DBSA	-	458 957
Borrowings	3 173	117 042
Total Finance Costs	3 173	575 999
22 CONTRACTED SERVICES		
Contracted services for:		
Contract services	1 775 270	2 112 629
Contract services - Electrical	224 706	519 707
Contract services (FBE)	1 374 392	2 663 101
Other	-	-
	3 374 369	5 295 437
23 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertisement	51 871	397 746
Audit fees	778 846	1 434 646
Books and publications	-	-
Support and maintenance	93 188	101 201
Conferences and seminars	20 126	213 830
Other Consumables	-	1 583
Fuel & Lubricants	236 665	749 106
Computer Programs	27 916	356 127
Cleaning services	26 758	50 061
Rates Rebates	1 270 114	-
Entertainment	52 907	192 656
Electricity	159 340	204 165
Insurance	316 405	-
Insurance Tracker	-	19 193
Street Lighting	21 280	144 118
SALGA Membership	-	-
Legal Costs	84 288	493 572
Membership Fees	-	25 850
meeting and Subsistence & Travel	-	2 400
Promotions and special functions	-	-
Postage	-	-
Printing and Stationery	121 964	386 022
Recruitment of Staff	-	-
in service training	-	654 162
Rental Office Machinery	152 304	483 453
DBSA Loan	-	-
Study/Promotions	-	-
Promotions and special functions	11 200	-
Sports fund	316 750	(75 100)
Subsistence and travelling	10 699	51 987
Telephones	139 780	396 252
training Councillors	170 778	5 500
Cellphones allowance	90 470	-
HIV/AIDS	159 750	103 696
Bank Charges	18 824	97 007
Public participation /Speaker	-	550 259
Religious Promotions	-	-
Registration & License Fees	3 000	-
Pauper Burial	235 800	904 156
Social Services aid	474 621	-
CDW's	-	(48 989)
Planning review	122 953	220 953
LED plans	172 000	-
Religious Promotions	-	18 000
Registration & License Fees	-	8 823
Led Strategy	-	200 000
Depreciation	-	-
Finance Charges - Wesbank	-	-
social services aid	-	3 502 806
Access and licence fees (CICS)	-	-
Interest Paid	-	458 957
Bursaries	-	431 654
Water	-	-
Purchase of tools	-	-
Protective Clothing	-	13 462
Youth fund	-	152 630
Gender fund	-	-
Bursaries	-	-
Office Rental	-	4 674
Disabled	-	100 850
CDW's	14 650	48 989
LED plans	-	-
LED	-	360 476
Property valuation	-	-

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Gender fund		-	138 207
Conditional Grants		-	-
Job creation		-	380 273
Ploughing Project		-	609 473
Audit Committee & Internal Audit Map		-	390 504
Arts and Culture		-	-
Security Council		-	-
Subscription and publication		-	-
Promotions and special functions		-	-
Sports and maintenance		-	-
Vehicle Installment		-	-
Other Expenses		-	1 307 952
		5 355 247	16 243 340

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
24 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	30 541 730	(120 187)
Adjustment for:-		
Depreciation and amortisation	-	3 317 432
(Gain) / loss on sale of assets	-	-
Contribution to provisions - non-current	-	-
Contribution to provisions - current	-	-
Finance costs	-	-
Fair value adjustments	-	-
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	-	-
Other non-cash item	-	-
Operating surplus before working capital changes:	30 541 730	3 197 245
(Increase)/decrease in inventories	-	(75 059)
(Increase)/decrease in trade receivables	(1 546 628)	(541 400)
(Increase)/decrease in other receivables	-	-
(Increase)/decrease in VAT receivable	991 437	(942 211)
Increase/(decrease) in conditional grants and receipts	(3 878 219)	3 533 540
Increase/(decrease) in trade payables	(160 634)	(755 542)
Increase/(decrease) in consumer deposits	-	-
Increase/(decrease) in VAT payable	-	-
Increase/(decrease) in Provisions	-	(3 850 000)
Other asset	-	-
Other liability	-	-
Cash generated by/(utilised in) operations	25 947 687	566 573

25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	32 531 281	7 000 215
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	32 531 281	7 000 215

26 CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:

25.1 Statutory Funds

Balance previously reported: -

Capital Development Fund	(33 835)	(33 835)
Land Trust Fund	-	-
Parking Development Fund	-	-
Loans redeemed and other capital receipts	-	-
Total	(33 835)	(33 835)

Implementation of GRAP

Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)
Transferred to Government Grant Reserve
Transferred to Capitalisation Reserve

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
25.2 Non-current provisions			
Balance previously reported -			
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		-	-
Long-service			
Total		<u>-</u>	<u>-</u>
25.3 Property, plant and equipment			
Balance previously reported			
Implementation of GRAP			
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 47.7 below)			
Total		<u>-</u>	<u>-</u>
25.4 Accumulated Surplus/(Deficit)			
Implementation of GRAP			
Adjustments to inventory (see 47.3 above)			
Excessive provisions and reserves no longer permitted (see 47.2 above)			
Non-current provisions previously not recognised (see 47.4 above)		-	-
Transferred from statutory funds (see 47.1 above)			
Fair value of Property, Plant and Equipment previously not recorded (see 47.5 above)			
Backlog depreciation (see 47.6 above)			
Total		<u>-</u>	<u>-</u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note

2012
R

2011
R

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

27 DISALLOWED

26.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

Unauthorised expenditure current year

Approved by Council or condoned

Transfer to receivables for recovery

Unauthorised expenditure awaiting authorisation

4 654 664

-

-

-

4 654 664

2 897 822

1 756 842

-

-

4 654 664

Incident

Disciplinary steps/criminal proceedings

Unbudgeted expenditure

Council have accepted and no disciplinary steps will be taken.

Material Unauthorised Expenditure

Difference between the actual versus the approved budget.

26.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -

Fruitless and wasteful expenditure current year

Condoned or written off by Council

To be recovered – contingent asset

Fruitless and wasteful expenditure awaiting condonement

712 044

-

-

-

712 044

712 044

-

-

712 044

Incident

Disciplinary steps/criminal proceedings

Fruitless & Wasteful Expenditure - (R650,000.00) The case against the MM is still on process.

Fruitless & Wasteful Expenditure - (R30,412.90) Interest on overdue account - Eskom.

Fruitless & Wasteful Expenditure - (R31,631.00) Interest on underpayment of the DBSA loan.

Fruitless & Wasteful Expenditure - Current year expenditure not yet reported

26.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

Transfer to receivables for recovery – not condoned

Irregular expenditure awaiting condonement

22 509 441

-

-

-

22 509 441

105 000

-

22 404 441

-

22 509 441

Incident

Disciplinary steps/criminal proceedings

Irregular expenditure

Quotations not obtained from the service providers

Orders and Invoices not attached to voucher.

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

28 MANAGEMENT ACT

27.1 Contributions to organised local government

Opening balance

Council subscriptions

Amount paid - current

Amount paid - previous years

Balance unpaid (included in payables)

-

-

-

-

-

-

-

-

-

27.2 Audit fees

Opening balance

Current year audit fee

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in payables)

249 971

1 043 647

(1 293 618)

-

0

249 971

1 043 647

(1 293 618)

-

0

The balance unpaid represents the audit fee for an interim audit conducted during May and June 2009 and is payable by 31 July 2009.

27.3 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
27.4 PAYE and UIF		
Opening balance		
Current year payroll deductions	2 011 539	2 011 539
Amount paid - current year	(2 011 539)	(2 011 539)
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

The balance represents PAYE and UIF deducted from the June 2010 payroll.
These amounts were paid during July 2010

27.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	790 387	790 387
Amount paid - current year	(790 387)	(790 387)
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

The balance represents pension and medical aid contributions deducted from employees in the June 2010 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2010.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
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28 RETIREMENT BENEFIT INFORMATION

28.1 Defined contribution plan

Indaka Municipality has been contributing to three (3) different funding schemes in respect of retirement benefit. These contributions have been expensed.

These valuations indicate that the plan is in a sound financial position. Actuarial valuation must be conducted at least every 3 years.

	Assets	Liabilities
KZN/Natal Joint Pension Fund @ 31 March 2009	4 687 200.00	4 215 357.00
Government Employees Pensions Fund @ 31 March 2010	708 137 500.00	18 003 753.00
Municipal Council Provident Fund @ 30 June 2009	1 136 372 026.00	178 180 678.00

Amount below was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

	2012	2011
KZN/Natal Joint Pension Fund	181 285.34	181 285.34
Government Employees Pensions Fund	545 262.98	545 262.98
Municipal Council Provident Fund	220 577.64	220 577.64

29 CONTINGENT LIABILITY

29.1 Claim for damages

517 000	250 000
---------	---------

The Municipality is in the process resolving the case against the former Municipal Manager. Council is contesting the claim based on legal advice. The court hearing is in process. The contingent liability includes legal costs of R250,000. The municipality has signed the settlement agreement with the suspended Municipal Manager and may amount to R517 000.

30 RESTATEMENT STATEMENT OF THE STATEMENT OF FINANCIAL POSITION

2011 Restated	2011 Previously Stated
------------------	---------------------------

Annual Financial Statements for year ending 30 June 2010 were reviewed by the Financial Expert from the Department of Corporate Governance and Traditional Affairs who gave auditors a working paper file reconciling figures that changed. See note below.

30.1 Cash and Cash Equivalent

Previously Stated	-	-
Increase / (Decrease)	-	-
Restated Amount	-	-

31 EVENTS AFTER THE REPORTING DATE

The municipality has received correspondence that request the municipality to repay back the total amounting to R2,3m of unspent grants. The municipality was due to pay this amount on the 15th of October 2011 which has been paid yet.

INDAKA LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2012

		Loan number	Redeemable Date	Balance at 30 June 2011	Received during the period	Redeemed / written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
EXTERNAL LOANS				R	R	R	R	R	R
LONG-TERM LOANS									
DBSA @ 5%			28-02-2010	4 148 501	-	-	4 148 501		
GOVERNMENT LOANS									
- Other @ x%									
Total Government Loans									
TOTAL EXTERNAL LOANS				4 148 501	-	-	4 148 501		

INDAKA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions/ Revaluation	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	250 000	-	-	-	250 000	-	-	-	-	-	-	-	250 000
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	250 000	-	-	-	250 000	-	-	-	-	-	-	-	250 000
Buildings	5 466 260	-	-	-	5 466 260	(776 277)	-	-	-	(776 277)	-	-	4 689 983
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	22 522 118	-	-	-	22 522 118	(3 836 371)	-	-	-	(3 836 371)	-	-	18 685 747
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Market stalls	1 276 252	-	-	-	1 276 252	(87 923)	-	-	-	(87 923)	-	-	1 188 328
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	322 004	-	-	-	322 004	(40 684)	-	-	-	(40 684)	-	-	281 319
	24 120 373	-	-	-	24 120 373	(3 964 979)	-	-	-	(3 964 979)	-	-	20 155 394
Community Assets													
Creches	2 613 922	-	-	-	2 613 922	(311 857)	-	-	-	(311 857)	-	-	2 302 064
Libraries	1 006 000	-	-	-	1 006 000	(167 644)	-	-	-	(167 644)	-	-	838 356
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	4 702 653	-	-	-	4 702 653	(746 748)	-	-	-	(746 748)	-	-	3 955 906
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Art and Crafts Centre	2 289 912	-	-	-	2 289 912	(346 968)	-	-	-	(346 968)	-	-	1 942 944
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	10 612 487	-	-	-	10 612 487	(1 573 217)	-	-	-	(1 573 217)	-	-	9 039 270
Heritage Assets													
Historical Buildings	676 880	-	-	-	676 880	(67 518)	-	-	-	(67 518)	-	-	609 362
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	676 880	-	-	-	676 880	(67 518)	-	-	-	(67 518)	-	-	609 362
Total carried forward	41 126 000	-	-	-	41 126 000	(6 381 991)	-	-	-	(6 381 991)	-	-	34 744 009

INDAKA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	41 126 000	-	-	-	41 126 000	(6 381 991)	-	-	-	(6 381 991)	-	-	34 744 009
Other Assets													
Office Equipment	218 701	10 978	-	-	229 679	(154 578)	-	-	-	(154 578)	-	-	75 102
Furniture & Fittings	1 978 230	-	-	-	1 978 230	(959 907)	-	-	-	(959 907)	-	-	1 018 323
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	6 739 820	-	-	-	6 739 820	(2 724 000)	-	-	-	(2 724 000)	-	-	4 015 820
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	742 084	-	-	-	742 084	(558 819)	-	-	-	(558 819)	-	-	183 265
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	9 678 835	10 978	-	-	9 689 813	(4 397 303)	-	-	-	(4 397 303)	-	-	5 292 510
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	50 804 835	10 978	-	-	50 815 813	(10 779 295)	-	-	-	(10 779 295)	-	-	40 036 519

INDAKA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	4 100 000	(3 850 000)	-	-	250 000	-	-	-	-	-	-	-	250 000
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	4 100 000	(3 850 000)	-	-	250 000	-	-	-	-	-	-	-	250 000
Buildings	5 466 260	-	-	-	5 466 260	(594 193)	(182 084)	-	-	(776 277)	-	-	4 689 983
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	22 522 118	-	-	-	22 522 118	(2 335 924)	(1 500 447)	-	-	(3 836 371)	-	-	18 685 747
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Market Stalls	1 276 252	-	-	-	1 276 252	(45 411)	(42 513)	-	-	(87 924)	-	-	1 188 328
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	322 004	-	-	-	322 004	(29 959)	(10 726)	-	-	(40 685)	-	-	281 319
	24 120 374	-	-	-	24 120 374	(2 411 294)	(1 553 686)	-	-	(3 964 980)	-	-	20 155 394
Community Assets													
Parks & Gardens	2 613 922	-	-	-	2 613 922	(224 786)	(87 071)	-	-	(311 857)	-	-	2 302 065
Libraries	1 006 000	-	-	-	1 006 000	(134 133)	(33 510)	-	-	(167 644)	-	-	838 356
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	4 702 653	-	-	-	4 702 653	(590 100)	(156 648)	-	-	(746 748)	-	-	3 955 905
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	2 289 912	-	-	-	2 289 912	(270 690)	(76 278)	-	-	(346 968)	-	-	1 942 944
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	10 612 487	-	-	-	10 612 487	(1 219 709)	(353 507)	-	-	(1 573 217)	-	-	9 039 270
Heritage Assets													
Historical Buildings	676 880	-	-	-	676 880	(44 971)	(22 547)	-	-	(67 518)	-	-	609 362
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	676 880	-	-	-	676 880	(44 971)	(22 547)	-	-	(67 518)	-	-	609 362
Total carried forward	44 976 001	(3 850 000)	-	-	41 126 001	(4 270 167)	(2 111 825)	-	-	(6 381 992)	-	-	34 744 009

INDAKA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	44 976 001	(3 850 000)	-	-	41 126 001	(4 270 167)	(2 111 825)	-	-	(6 381 992)	-	-	34 744 009
Other Assets													
Office Equipment	205 502	13 199	-	-	218 701	(110 867)	(43 710)	-	-	(154 578)	-	-	64 123
Furniture & Fittings	1 922 220	56 011	-	-	1 978 231	(677 496)	(282 411)	-	-	(959 907)	-	-	1 018 324
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	4 927 011	1 812 808	-	-	6 739 819	(1 992 828)	(731 172)	-	-	(2 724 000)	-	-	4 015 819
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	681 413	60 671	-	-	742 084	(410 504)	(148 315)	-	-	(558 819)	-	-	183 265
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	7 736 416	1 942 689	-	-	9 678 835	(3 191 695)	(1 205 608)	-	-	(4 397 304)	-	-	5 281 531
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	52 712 417	(1 907 311)	-	-	50 804 836	(7 461 863)	(3 317 433)	-	-	(10 779 296)	-	-	40 025 540

INDAKA LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Community Services					-				-	-
Corporate Services					-				-	-
Public Halls					-				-	-
Manager's Office					-				-	-
Engineering Services					-				-	-
Free Basic Services					-				-	-
Refuse Removal					-				-	-
Library Services					-				-	-
Finacial Services					-				-	-
Development and Planning					-				-	-
Housing Manger					-				-	-
Internal Audit					-				-	-
Mayoral Services					-				-	-
Total	-	-	-	-	-	-	-	-	-	-

2011			2012		
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R	R	R	R
-	-	-	-	-	-
(146 413)	17 713 031	17 566 619	(62 756)	6 775 153	6 712 396
-	-	-	-	-	-
-	1 204 540	1 204 540	-	22 498	22 498
-	23 703 562	23 703 562	8 693 000	6 776 003	15 469 003
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(59 791 585)	12 712 413	(47 079 173)	(41 842 972)	5 265 497	(36 577 475)
(52 000)	3 787 608	3 735 608	-	1 217 848	1 217 848
-	-	-	-	-	-
-	989 030	989 030	-	-	-
-	-	-	-	-	-
(59 989 998)	60 110 185	120 187	(33 212 728)	20 056 998	(13 155 730)
(59 989 998)	60 110 185	120 187	(33 212 728)	20 056 998	(13 155 730)